



FEDERAL ELECTION COMMISSION
Washington, DC 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

SEP 10 2019

John E. Stone, II
P.O. Box 202
Lincolnton, GA 30817

RE: MUR 6824
Eugene Yu for Congress, *et al.*

Dear Mr. Stone:

This is in reference to the complaint you filed with the Federal Election Commission on May 19, 2014, amended on July 24, 2014, concerning Eugene Yu for Congress, *et al.* The Commission found that there was reason to believe Eugene Yu for Congress (the "Committee") violated 52 U.S.C. § 30104(b), the Committee and Eugene C. Yu violated 52 U.S.C. § 30116(f), and Jonie H. Yu and Wayne B. Brown each violated 52 U.S.C. § 30116(a)(1)(A), provisions of the Federal Election Campaign Act of 1971, as amended. On September 4, 2019, the Commission accepted two conciliation agreements: a joint conciliation agreement signed by Eugene C. Yu on behalf of himself, the Committee and Jonie H. Yu; and a conciliation agreement with Wayne B. Brown, signed by his counsel. Accordingly, the Commission closed the file in this matter on the same date.

Documents related to the case will be placed on the public record within 30 days. See Disclosure of Certain Documents in Enforcement and Other Matters, 81 Fed. Reg. 50,702 (Aug. 2, 2016). A copy of the two agreements are enclosed for your information.

If you have any questions, please contact me at (202) 694-1591.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dawn M. Odrowski".

Dawn M. Odrowski
Attorney

Enclosures
Conciliation Agreements (2)

BEFORE THE FEDERAL ELECTION COMMISSION

2019 JUL 15 PM 2:03

In the Matter of)
)
Eugene C. Yu)
Eugene Yu for Congress, Inc., and)
Donnie Miller in his official capacity as treasurer)
Jonie H. Yu)

MUR 6824

CONCILIATION AGREEMENT

This matter was generated by a complaint filed with the Federal Election Commission (the "Commission"). The Commission found reason to believe that Jonie H. Yu violated 52 U.S.C. § 30116(a)(1)(A) and that Eugene C. Yu and Eugene Yu for Congress, Inc., and Donnie Miller in his official capacity as treasurer (collectively, "Respondents") violated 52 U.S.C. § 30116(f). The Commission also found reason to believe that Eugene Yu for Congress, Inc., and Donnie Miller in his official capacity as treasurer violated 52 U.S.C. § 30104(b).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

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FACTUAL BACKGROUND

1. Eugene C. Yu ("Yu") was a candidate for U.S. Senate from the state of Georgia during the 2014 election cycle. Yu filed a Statement of Candidacy on July 10, 2013. Eugene Yu for U.S. Senate ("Senate Committee") was his authorized committee.

2. On March 4, 2014, Yu filed a Statement of Candidacy for Georgia's 12th Congressional District during the 2014 election cycle and changed the name of his authorized committee to Eugene Yu for Congress, Inc. ("House Committee"). The newly named committee disclosed financial activity for both the Senate and House committees (collectively the "Committee") in reports filed with the Commission. Donnie Miller is the Committee's treasurer:

3. Jonie H. Yu is the candidate's spouse.

4. Wayne B. Brown is the owner and sole member of WayneWorks, LLC, a limited liability company that is not taxed as a corporation. WayneWorks, LLC, manages and operates Brown's residential and commercial real estate business ventures. Brown also served as the Committee's campaign chairman.

5. During the 2014 election cycle, Yu made loans totaling \$790,704 to his authorized committees: Twenty-six separate loans to the Senate Committee totaled \$438,204 and eight loans to the House Committee totaled \$352,500. The Committee reported these loans as coming from Yu's personal funds from the period of May 15, 2013 through August 4, 2014.

6. The candidate disclosed no salary or earned income and only limited assets in his Senate and House Financial Disclosure Statements filed in 2013 and 2014.

7. On July 1, 2013, Brown and WayneWorks, LLC, entered into a "Contract for Partial Sale" ("Contract") with Jonie H. Yu in connection with 1082 Bertram Road, Augusta,

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Georgia, a property jointly owned by Eugene and Jonie Yu. The Contract gave Brown the option to purchase up to a 50% ownership interest in the property for \$650,000 over the next year, and his ownership interest would increase as payments were made. Under the Contract, Brown would make payments on a periodic basis and in exchange he would receive a corresponding percentage of the Bertram property. Public records do not reflect that Brown has received any ownership interest in the Bertram Road property.

8. In total, between August 19, 2013 and September 4, 2014, Brown made fifteen payments totaling \$645,000 under the Contract. Of Brown's earliest payments, totaling \$50,000, three were payable directly to the Committee and the fourth was payable to Eugene Yu; each of these payments was deposited directly into the Committee's account. He made the remaining payments to the candidate. Two of Brown's payments included the word "loan" as a notation on the checks.

9. In January 2014, Brown, WayneWorks, LLC, Yu, and the Committee filed a *sua sponte* submission with the Commission, designated ADR 701 (P-MUR 569), disclosing that the four payments totaling \$50,000 were paid directly to the Senate Committee or to Yu and deposited directly into the Committee's account by checks issued on Brown's personal account and a WayneWorks, LLC business account. The Committee refunded Brown \$50,000 on November 11, 2013.

10. Of the \$790,000 that Yu reported loaning to his campaign, \$555,000 was derived from payments made by Brown or WayneWorks, LLC. The Committee's reports filed with the Commission do not disclose that the payments came from Wayne Brown or WayneWorks, LLC.

11. Most of the remaining funds that Yu loaned to his campaign were provided by his spouse, Jonie H. Yu. On July 17, 2013, a \$50,000 draw on a home equity line of credit 100%

owned by Jonie H. Yu was transferred to the Yus' joint bank account. On the same day, Yu wrote a \$50,000 check to the Committee drawn on the joint account and deposited it into the Committee's account. These funds have not been refunded to Jonie H. Yu.

12. From May 27, 2013, and January 19, 2014, Eugene Yu and the Committee charged \$91,085.81 in total campaign expenses on Jonie H. Yu's personal credit card account. Those expenses included payments for travel expenses, such as transportation, meals, and lodging, as well as for social media advertising, direct mail, television advertising, and campaign signs. The Committee paid off \$30,365 of the total credit card charges and the Yus eventually repaid the remainder using personal funds from their joint account, with checks written by Jonie H. Yu and using the proceed of life insurance policies that the Yus cashed in. Including interest and late fees, the total charges made on Jonie H. Yu's credit card that are attributable to Committee expenses are \$105,385.51.

LAW

13. The Federal Election Campaign Act of 1971, as amended (the "Act"), defines the term "contribution" to include "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 52 U.S.C. § 30101(8)(A)(i).

14. In 2014, the Act prohibited persons from making contributions to any candidate and his or her authorized political committee with respect to any election for federal office which, in the aggregate, exceeded \$2,600. *See* 52 U.S.C. § 30116(a)(1)(A).

15. A limited liability company ("LLC") is a business entity that is recognized as a limited liability company under the laws of the State in which it is established. 11 C.F.R. § 110.1(g).

16. A contribution by an LLC with a single natural person member that does not elect to be treated as a corporation by the Internal Revenue Service pursuant to 26 C.F.R. § 301.7701-3 shall be attributed only to that single member. 11 C.F.R. § 110.1(g)(4).

17. Further, the Act prohibits any candidate or political committee from knowingly accepting any contribution that exceeds the limits set forth in the Act. See 52 U.S.C. § 30116(f).

18. Federal candidates may make unlimited contributions from their "personal funds" to their campaigns. 11 C.F.R. § 110.10. Their family members, however, are subject to the Act's contribution limits. See *Buckley v. Valeo*, 424 U.S. 1, 53 n.59 (1976) (per curiam).

19. The Act requires committee treasurers to file reports of receipts and disbursements. 52 U.S.C. § 30104(b). These reports must include, *inter alia*, the identification of each person who makes a contribution or contributions that have an aggregate amount or value in excess of \$200 during an election cycle, in the case of an authorized committee of a federal candidate, together with the date and amount of any such contribution. *Id.* § 30104(b)(3)(A).

V. Respondents committed the following violations:

1. Jonie H. Yu violated 52 U.S.C. § 30116(a)(1)(A) by making excessive contributions to Yu and the Committee.
2. Eugene Yu and the Committee violated 52 U.S.C. § 30116(f) by knowingly accepting excessive contributions from Jonie Yu and Wayne Brown.
3. The Committee violated 52 U.S.C. § 30104(b)(3)(A) by failing to identify the contributions made by Jonie H. Yu and Wayne Brown.

VI. Respondents will take the following actions:

1. Respondents will pay a civil penalty to the Commission in the amount of Eighteen Thousand Dollars (\$18,000) pursuant to 52 U.S.C. § 30109(a)(5)(A).

2. Respondents will cease and desist from violating 52 U.S.C. §§ 30116 and 30104(b).

VII. The Commission, on request of anyone filing a complaint under 52 U.S.C. § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed the same and the Commission has approved the entire agreement.

IX. Except as otherwise provided, Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, including matters arising from ADR 701 (P-MUR 569), a matter handled by the Commission's Alternative Dispute Resolution Office generated by the *sua sponte*

2. Eugene C. Yu ("Yu") was a candidate for U.S. Senate from the state of Georgia during the 2014 election cycle. Yu filed a Statement of Candidacy on July 10, 2013. Eugene Yu for U.S. Senate ("Senate Committee") was his authorized committee.

3. On March 4, 2014, Yu filed a Statement of Candidacy for Georgia's 12th Congressional District during the 2014 election cycle and changed the name of his authorized committee to Eugene Yu for Congress, Inc. ("House Committee"). The newly named committee disclosed financial activity for both the Senate and House committees (collectively the "Committee") in reports filed with the Commission. Donnie Miller is the Committee's treasurer.

4. Jonie H. Yu is the candidate's spouse.

5. During the 2014 election cycle, Yu made loans totaling \$790,704 to his authorized committees: Twenty-six separate loans to the Senate Committee totaled \$438,204 and eight loans to the House Committee totaled \$352,500. The Committee reported these loans as coming from Yu's personal funds from the period of May 15, 2013 through August 4, 2014.

6. The candidate disclosed no salary or earned income and only limited assets in his Senate and House Financial Disclosure Statements filed in 2013 and 2014.

7. On July 1, 2013, Brown and WayneWorks, LLC, entered into a "Contract for Partial Sale" ("Contract") with Jonie H. Yu in connection with 1082 Bertram Road, Augusta, Georgia, a property jointly owned by Eugene and Jonie Yu. The Contract gave Brown the option to purchase up to a 50% ownership interest in the property for \$650,000 over the next year, and his ownership interest would increase as payments were made. Under the Contract, Brown would make payments on a periodic basis and in exchange he would receive a corresponding

percentage of the Bertram property. Public records do not reflect that Brown has any ownership interest in the Bertram Road property.

8. In total, between August 19, 2013 and September 4, 2014, Brown made fifteen payments totaling \$645,000 in connection with the Contract. Of Brown's earliest payments, totaling \$50,000, three were payable directly to the Committee and the fourth was payable to Eugene Yu; each of these payments was deposited directly into the Committee's account. Brown made the remaining payments to Eugene Yu. Two of Brown's payments included the word "loan" as a notation on the check.

9. In January 2014, Brown, WayneWorks, LLC, Yu, and the Committee filed a *sua sponte* submission with the Commission, designated ADR 701 (P-MUR 569), disclosing that the four payments totaling \$50,000 were paid directly to the Senate Committee or to Eugene Yu and deposited directly into the Committee's account by checks issued on Brown's personal account and a WayneWorks, LLC, business account. The Committee refunded Brown \$50,000 on November 11, 2013.

10. Of the \$790,000 that Yu reported loaning to the Committee, \$555,000 was derived from payments made by Brown or WayneWorks, LLC to Eugene Yu in connection with the Contract. The Committee's reports filed with the Commission do not disclose that funds Yu loaned to the Committee came from Wayne Brown or WayneWorks, LLC.

LAW

11. The Federal Election Campaign Act of 1971, as amended (the "Act"), defines the term "contribution" to include "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 52 U.S.C. § 30101(8)(A)(i).

VIII. This agreement shall become effective as of the date that all parties hereto have executed the same and the Commission has approved the entire agreement.

IX. Except as otherwise provided, Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, including matters arising from ADR 701 (P-MUR 569), a matter handled by the Commission's Alternative Dispute Resolution Office generated by the *sua sponte* submission submitted on behalf of Brown, WayneWorks, LLC, Yu, and the Committee. No other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

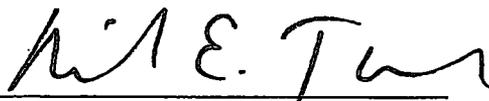


Charles Kitcher
Acting Associate General Counsel
For Enforcement

9/5/19

Date

FOR THE RESPONDENT:



Michael E. Toner, Esq.
Counsel for Respondent

8/2/19

Date